G. R. S. IX-5]

Previous references.

Preserve

1919-20 for File No. 47-19.

(Local boards 18/9/19) 1

Later references.

L-B

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1

Part B for Septr 19.

SUBJECT.

Local Taxation

(Local Boards)

8/1 To the Rev Commr with my compts
The Presidents of Dist Boards
The D. C's of Districts
The Committee Board Mr Hoft & all Secys
The Press Table—
3491-508 dated 11.9.19.

Passes order regarding the revision of the system of the levy of the Shahabad taxation in rural areas.

W D 1250—GPB—30,000 28-1-19

G. R. S. III—1] 191 .

GENERAL AND REVENUE SECRETARIAT.

( )

NOTES.

GEN. & REV. SEC. REVENUE 28

D/2856

File No. 49-19

FILE HEADING.

Local Taxation (Local Boards)

From

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

0010001

NOTES AND ORDERS.

P. T. O.

NOTES—First Sheet.

WD 1232—GPB—20,000—18-11-16

G. R. S. III—1] 191 .

GENERAL AND REVENUE SECRETARIAT.

(C. I.)

NOTES.

GEN. & REVE
28
D/2856

File No. 49-19

FILE HEADING.

Local Taxation
(Local Boards)

From

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

0100001

NOTES AND ORDERS.

P. T. O.

NOTES—First Sheet.

WD 1232—GPB—20,000—18-11-16

G. R. S. III-2]

General and Revenue Secretariat. File No. of 191 .

Submitted to the Dewan.

I regret I have not been able to complete the note on Local finances today as promised. I shall submit it on Monday.

Hrn 1-3-19.

2 Lds 4/1

3 The note is submitted with all references. On receipt of decisions on the points raised, a full revised note will be prepared. Hrn 3-3-19.

4 Please see remarks & Memorandum of 5 appl. note

4. 3/5 Hrn 6-3-19

6. Draft Rpd. NK 11. 3. 1919.

7. Transferred to Mr. A. D. Kesava Iyengar with Compliments for favour of further action as per Dewan's order. Hrn 6-3-19

A Draft 6 & 1 co placed in the file in accordance with the instructions

Hrn 17-3-19.

× The Note relating to Local Board is appended, that relating to the mills being put into a separate file (pages 3 to 6 of these notes)

1 routine notes be written on small slips, notes must be copied, or slips pasted on form.

NOTE—Contn. 2

LOCAL TAXATION.

Local Boards.

History.

The history of rural local taxation in Mysore may be briefly summarised as -- follows:-

In 1860 a Mohatarfa tax on houses, looms (abolished in 1897), shops and oil-mills and a local cess on assessed lands was levied in lieu of various "chillar bab" and the plough taxes. The local cess was ordered to be utilised in the cause of education, in constructing cross-roads and in effecting other improvements while the mohatarfa tax was merged in the general revenues of the State. In 1871 the mohatarfa levy was extended to carts also.

In 1871 and 1872 the local cess had been ordered to be levied from other items of Government revenue besides land revenue, such as forests and excise revenue, and the proceeds therefrom constituted the "Local Fund General"..

When District Local Committees were constituted in 1874, a major portion (76%) of the proceeds of the local cess on land revenue was made over to them, the balance being credited to a separate fund known as "the Village School Fund", along with 24% of the proceeds from the other local cesses for the development of primary and vernacular education.

In

J.G. 579 Rev Manual

In 1894, mohatarfa s/tax was levied on vacant building sites and hittals in villages. When the Mysore Local Boards Regulation of 1902 became law and Unions were constituted thereunder, the Government gave up their levy of mohatarfa on houses within those unions, and a house tax was levied instead under Section 20(2) of the Local Boards Regulation II of 1902. In 1910, the income from the tax on vacant building sites and hittals in unions was assigned to District Boards for the benefit of the unions. In 1914, District Boards were empowered to levy a Railway Cess at 6 pies in the rupee on all items of Government revenue on which local cess was levied. In 1915, the Unions were empowered to levy a shop tax in lieu of the Government mohatarfa shop tax.

J.G. 581 dc

J.G. 20. A

In Government order No.3005-55/Ml.132-16-1 dated the 16th November 1916, the Government have abolished the Local Fund General and handed over to the Local Boards the items contributing to it, and also assigned the mohatarfa recovered in non-union villages to Local Boards, the proceeds from oil mill and cart tax in unions being handed over to such unions.

Under the Local Boards and Village Panchayat Regulation VI of 1918, Village Panchayats have displaced the Unions, and they have been empowered to levy not only house and shop taxes but also a tax on vacant sites and hittals and a cess for works of communal benefit. The District and Taluk Boards also have gained the power to levy an additional cess "for guaranteeing the repayment of loans raised for a specified purpose under the Regulation".

The

Questions for consideration.

The questions for consideration at present are --

(1) Revision of the rates and rules for the levy of Mohatarfa.

(2) Framing rules for regulating the levy of house, shop and vacant site taxes and the communal cess in villages having Village Panchayats, and

(3) Framing rules for regulating the levy by District and Taluk Boards, of the cess "for guaranteeing repayment of loans raised by them".

1. Mohatarfa.
Present position.

As regards Mohatarfa, the present position is as follows:-

(1) It is levied on houses, shops, oil-mills and carts in villages not having Panchayats, subject to the rules relating to exemptions in respect of each item.

(2) It is levied only on oil-mills and carts in villages having Panchayats, subject to the usual exemptions.

Recent recorded opinions.

The following extracts give the recent recorded opinions on the subject:-

Economic Conference Committee for the imposition of Fresh Taxation:

"The tax on oil-mills be abolished -- throughout the State.

The rate of mohatarfa house tax fixed

fixed 60 years ago is susceptible of enhance ment in the case of the better class of hous es.

Arrangements be made to prevent the evasion of payment of mohatarfa house tax in rural areas by persons on the score of their being agriculturists even though they derive considerable incomes from other - professions and trades.

In non-municipal areas on all carts, agricultural or non-agricultural, a uniform rate of one rupee per cart per annum be levied, and eight annas on all waddar carts.

The existing shop tax in non-municipal areas may be retained but all shops coming under the income tax rules should be exempted from shop tax".

Local Finance Committee:

Para 9. Page 4

"We agree with the proposal of the Taxation Committee that the tax on oil-mills should be abolished, as it is levied mainly from poor oil-mongers and yields a small revenue of only about Rs.10,000 and as no other petty industry similarly circumstanced is taxed."

Para 62 IV. Page 4.

The rate of the Mohatarfa shop tax in non-municipal areas fixed 60 years ago is capable of enhancement in the case of the better class of houses..

Shop tax in non-municipal areas may continue.

The

The cart tax may be made general and levied at one rupee per cart per annum -- including agricultural carts. The rate on waddar carts may be half a rupee".

LB 74-17.

These were referred to the District Boards for opinion, and their replies are abstracted in the statement appended.

Para 7, Pc 25 on page 3.

In G.F.File No.222 of 1915-16, Dewan Sir M. Visvesvaraya has noted as regards oil mills tax as follws:-

"The oil mill tax may be abolished as a general levy, and it may be left to local bodies to levy it if necessary as a professional tax".

COPY 1000

Points for orders.

The following are the points for orders ~~xxxbxxxbxxxbxxxxx~~ in regard to mohatarfa:-

May be based on the Madras act principle assessed rate. L

House Tax-

(1) How may the mohatarfa house tax be revised ?

The present rates for villages are-

Per	1st sort Rs.	2nd sort Rs.	3rd sort Rs.	4th sort Rs.
Terraced house	9	7	5	3
Tiled house or mud house.	7	6	5	2
Thatched house.	3	2	1	0-8-0

(2) Are

(2) Are the exemptions in favour of agriculturists, barabaluti·hakdars, tigalars - growing vegetables on their lands, religious institutions, cooly huts in coffee estates, Brahmins, Rajputs and Mahomedans to continue ?

In some cases the exemptions are based on considerations of prestige of race, and in others on special exemptions due to religious grounds, while agriculturists were exempted on the ground that mohatarfa was intended to reach classes not contributing to Land Revenue. But now that mohatarfa in all villages has in effect become a local tax and not a source of provincial revenue, exemptions may be discontinued as in municipalities and unions or Village Panchayats.

may be reserved to Govt

1000

Shop Tax-

(3) How are the rates to be revised ?

The present rates in villages are-

Per shop	1st sort Rs.	2nd sort Rs.	3rd sort Rs.	4th sort Rs.
Shops (mundi) where all sort of articles are sold...	20	15	12	9
Shops in which piece goods are sold...	12	8	6	4
Other shops...	9	6	4	2

(4) Should shops that may hereafter be assessed to income tax be exempted from shop tax as proposed by the Economic Conference Committee for Fresh Taxation ?

Income tax exempt & should be double taxation

The

The income tax being a provincial one and the mohatarfa shop tax being a local one. such exemption does not appear called for.

Oil Mill Tax-

(5) May the Oil Mill Tax be abolished, accepting the unanimous opinion before - Government ?

Cart Tax-

(6) May the rates of levy be revised as proposed ?

Kind of cart.	Present rate.	Proposed rate
Double bullock cart...	Re.2	Re.1
Single bullock cart...	Re.1	0-8-0
Waddar Carts	Rs.2	0-8-0

(7) May the exemption in favour of agriculturists, mutts and waddar carts employed by Public Works Department be abolished ?

Tax on vacant sites & hittals-

(8) Does the rate of taxation require revision ?

The present rate is regulated by the rates of assessment for agricultural lands of similar description in the village. It would probably be better to fix a higher rate both to secure more revenue for local purposes and indirectly to compel the - owners to build on the sites.

Rules for levy of taxes in villages having Panchayats.

As regards levy of taxes in villages having panchayats, draft rules are submitted for orders.

Rules for levy of cess for guaranteeing repayment of loans.

As regards levy of the cess for guaranteeing repayment of loans raised by local bodies, draft rules are herewith submitted for orders.

Augmenting Local Boards' resources.

It is unnecessary to consider the question of augmenting the Local Board revenues, as the Boards have large balances and the transfer of the Local Fund General and mohatarfa has added to them. Until the Boards expand their works and utilities to the extent of their present resources, no further additions to their income are called for.

sr

12856.

G. R. S. III-2]

General and Revenue Secretariat. | File No. of 191

Serial No.

8 The revised draft may be got typed

MK 26/3

9 Attended to.

HK 27.3.1919

10 The draft order has been prepared in pursuance of the instructions of the Dewan Sahib contained in the note put up in this connection from Ramanathan.

MK 27.3.19

3848/28.3.19

Resolution (Temporary member) Perused the accompanying draft Order.

hm 28.3.19

20/4 hm MK 22/4

DEWAN'S OFFICE. Recd. on APR 22 1919 No. 6564

Submitted to Dewan.

MK 22/4

May be considered in Council of the connected file. In mutual lapses which dealt with in another G.O. Thus the mahalapse has to go out of lapse. Please see the connected file.

(Khaleelpur Chakkalapur) 12.4

FINANCIAL SECRETARIAT. RECEIVED 22 APR 1919

NOTE—Contn. sheet.

WD A 1789—GPD—60,000—20-8-18—S.

22456-18

Fe Secy Complete MK 23-4-19

[G. R. S. III-2]

12856

12

General and Revenue Secretariat.

LB File No. of 191

Serial No.

I think the cart-tax may be made universal at the rates specified. This was the recommendation of the Taxation Committee & the Temporary member is also of the same opinion except as regards religious institutions. Exemptions make it very difficult to work this scheme & there are numerous evasions.

As regards house-tax also exemption may be given to agriculturists & religious institutions but all others should be made to pay. Caste exemptions should disappear.

Village Panchayats should be organised & levy motor taxes of all kinds, the rates prescribed in the order for non-panchayat areas being regarded as minimum for panchayat areas. Otherwise village panchayats may be formed simply to avoid Motor taxation.

M
2/5

(Revenue)

This file to be submitted to Chief Secy for favour of circulation for their action.

MC
3/5

(Revenue) Yes M 3.5.19

Submitted to Chief Secy.

MC
5/5

C.S. 4/5/19 Circulate.

4/5/19

NOTE—Contn. sheet.

0011900

WD A 1789—GPB—60,000—20-8-19—S.

13

(For Disposal at a Meeting)

No. C. 806

8:5:.....191.9

GENERAL AND REVENUE SECRETARIAT.

COUNCIL MATTER.

SUBJECT.

(Clauses i and xii of the Schedule)

Proposals for the revision of Local Taxation.

00100001

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

C S Salaam Lungo

8th May .....191 9.

Chief *Secretary to Government.*

Extraordinary Member of Council.

14-5-19 First Member of Council. 14/5/19

6589-245 10.5.19 Second Member of Council. Seen 12.5.19

WD 2670—GP.B—1,000—11-5-17

Third Member of Council. seen.

E (14) C. 806

14

Subject.-Clauses i and xii of the Schedule.

Proposals for the revision of Local taxation.

Opinion of the Council.

Under Rs 500 - Rs 1 Rate
Up to 250 - 1 A
250 - 500 - 2½
500 - 1000 - 5
1000 - 2000 - 7½
above 2000 - 10 Rs

Proposals to be further considered by Committee

D010001

C. 803

Proposals for the revision of Local taxation.

15

G. R. S.-III-2,

General and Revenue Secretariat. | File No. of 191 .

Serial No.

Instructions in Council on the 5th June 1919.

...

Proposals to be further considered by the First Member of Council.

Revenue Secretary,
with compliments.)

1923
10.6.19

1st December)

001001

Upon the question of legislation, I would invite a reference to the discussions in the printed Madras memorandum. Sir K. Sheshadri Iyer considered — if I may presume to say so, quite correctly, — that the existing system of Mhatanfa taxation could only be altered by law. In order to reserve the necessary enabling powers to Government, I prepared in 1898 a short but comprehensive Draft Regulation, which I again revised under instructions in 1903. The then members of Govt were, however, not very keen about proceeding on both

NOTE—Contn. sheet

Serial No.

the measure, one of them (Mr V. B. Kothari Rao) being "more than ever confirmed in [his] opinion that there is no use of interfering with the present Mohatarfa rules." And the matter dropped.

If it is now intended to revise the rate of Mohatarfa taxation so as to increase them, it will be necessary to take powers to do so by legislation.

But it will no longer be necessary, I think, to resort to independent legislation, having regard to two circumstances which have completely changed the position in regard to the appropriation of the taxes in question. The first circumstance is that, under Sec. 56 of the new Local Boards & Village Panchayats Regns. 1918, Village Panchayats are already authorised to levy a tax on houses and shops and a tax on vacant sites and hillocks as a regular part of their income. The second is that, though Sec. 23 of the Regulation does not in express terms refer to the balance of the Mohatarfa revenue, ~~being~~ being, I understand that, as a matter of fact, the Govt. have assigned the whole of such balance for expenditure by ~~the~~ Local Boards. In the result, therefore, one portion of the

Vide Govt. Ro. 1045-62-26 453-16 dt 10-19 A/2515/17.

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

Serial No.

the Mahalfa revenue is, as is proposed to be, utilised by Govt. for provincial purposes.

That being so, the question of legislation becomes simplified. We have merely to amend Sec. 23 so as to empower each District Board directly to levy for the district fund, instead of indirectly accepting an assignment from Govt. (i) a tax on horses, ponies, mules and bullocks, not-liable to be taxed by Village Panchayats under Sec. 5 (2) (b) (i), at such rate as may be sanctioned by Govt. [or, if preferred, at rates not exceeding those fixed by Govt.], and (ii) a tax on carts [or, preferably, "vehicles" generally] at such rate as may be sanctioned. The tax on oil-mills is to be abolished, & hence nothing need be said about it.

The procedure as to recovery need not present any difficulty. The District Boards may either employ their own agency, or pay a commission to such Govt. agency (Police & Sanbhogs) as may be utilised for the purpose. No such payment however is now being received

Note—Contn. sheet.

Go. No. R. 7490-575—20
24-12-3 923-Vdc

WD A 1739—GPB—60,000—20-3-19—S.

G. R. S. III-2]

C. 806.

18

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

One other point remains, & that is the simplification of the rates of house-tax proposed in the draft order. These rates are the same as those proposed in a separate file for Cantonment areas; but the number of classes (10) is too many. I would suggest the following classification.

Houses of the value of 50 Rs and under ... to be exempt.

VII class: - " above Rs 50 up to Rs 200 ... Re 1 - 0

VI " " above Rs 200 " Rs 400 - Rs 2 - 0

V " " above Rs 400 " Rs 600 - Rs 3 - 0

IV " " above Rs 600 " Rs 800 - Rs 4 - 0

III " " above Rs 800 - Rs 1000 - Rs 5

II class: " above Rs 1000 - Rs 1500 - Rs 7½

I class: " above Rs 1500 ..... Rs 10

If the question of legislation is taken up at once, the question of classification may be considered later.

18-6-13

Cs.

Re-circulate

C&S
21/6/13

I agree with the 1st Commissioner in thinking that the system of house taxation should

NOTE—Contn. sheet.

Serial No.

is regularised by legislation. The legal basis
for Mokhasa land is Mamool or usage
which Mamool or usage has been con-
firmed by the Civil Courts as right
in cases which had been brought before
them, no fresh cases have been
tried under this name & class of Mokhasa
except the Mokhasa Hereditary land
How far the
levy of this cess can be legally justified
has not in a positive details, but
it seems that by an executive
order, the cess which was not complained
of can be imposed. There is no
specific provision of enemption which
means whether this cess will stand
by particular subject, for no legislation
is needed for the same. The Resolution
under consideration proposes to do away
with certain exemptions which were
in force from time immemorial. For
example, it is proposed to subject to
Lingait, Brahmin Rajputs & other
classes the levy of assessments. But
it seems this cannot be done except
by legislation since as there Mokhasadars
the legal basis for Mokhasa Lands
is Mamool — Actuarial
for Panchayat system is
intended to be introduced into
almost all the villages, I am of

NOTE—Contn. sheet.

Serial No.

It may be agreed that no fresh legislation is necessary since provision has been made in the L.B. Regulation for the levy of House & Shop taxes by Village Panchayats and it is intended to extend the system to all the Villages in the State. But necessary instructions & Notifications should be issued and provision in the Regulation for the levy & the same -

As proposed by the Collector the Board may put the power to levy the tax, but the collection & the same must be kept to the Revenue dept. Some provision will have to be made for the same in the Regulation. The Collector may in consultation with the Board will be best suited to dept. collection & the cost & it may also be provided.

24/6

I agree in the views Expressed by the Hon'ble Member.

16.6.49

NOTE—Contn. sheet.

(RE-CIRCULATED)

806

No. C. 806

21

(For disposal at a meeting)

.....191....

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Clauses i and xii of the Schedule)

Proposals for the revision of Local Taxation.

0010001

RE-CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

C S Balasundaramji

23rd June .....191 9.

Chief *Secretary to Government.*

Extraordinary Member of Council.

2182 / 24.6.19 **First Member of Council.** Opinion recorded.

8123-269 / 25-6-19 **Second Member of Council.** opinion recorded Neel. 26.6.19.

5367 / 23.6.19 **Third Member of Council.** opinion recorded Neel 24/6.

GPB—1,000—28-8-14

C.806.

22

Extract from the Proceedings of the 495th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 10th July 19 19

13. Subject.-Clause xii of the Schedule.

Proposals for the revision of Local Taxation.

Opinion of the Council.

The draft order may be approved subject to the remarks of the First Member of Council.

Sd. A.R.Banerji,
Offg. Dewan of Mysore.

Note:- To be revised following First Member's Note.

00100001

"EXTRACT"

C.S. Balasundaram Jr

Chief Secretary to Government.

WD 1148—GPB—1,000—23-12-18

1285.

WD A2069—GPB—500—1-5-18

23

G. R. S. III–2]

General and Revenue Secretariat.

C. 806

File No. of 191 .

*23. As soon as circulation is complete and the opinion of the Council is recorded the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government, Revenue Department, under *Rule 23 of the Subsidiary Rules of Council Business.

By Order,

U Balasundaram
Chief Secretary to Government.

Recd 12.7.19
3 pm

Art Sec C.7. pr a D.7.N.
12.7.19

The draft order has been revised following first minute of 18.6.1919. Instructions were also obtained in person from the member and from the chief secretary.
D.7.N. is also submitted. The delay which is reported is due to the changes which had to be made in the draft.

Revised

2nd member) DF N approved
5/8/19

To be sent to Secretary with D.S.N.

Put up a D.S.N. from

1918.

5/8
5-8-19

2-8-19

4.8.19

4/8

5/8/19

19/8

G. R. [11-2]

General and Revenue Secretariat.

File No. of 191

24

Serial No.

A. D. S. N. is submitted.

GRR 20/8/19

(Dewan)

BMK 20/8/19

DEWAN'S OFFICE.
Recd. on AUG 20 1919
Reg. No. 1211

00100001

NOTE—Contn. sheet.

Final Note by the Second Member of Council.

Subject:—

Revision of the system of the levy of Mohatarfa tax in non-panchayet areas.

In Government Order No. R. 10345-62/L.R.453-16-1 dated the 10th April,1917, it was directed that the Mohatarfa revenue collected in the State be assigned to the District Boards. This revenue is derived from the taxes on houses, shops, carts, oil-mi and vacant sites and the levy is based on mamul or usuage. The question of giving a legal basis for the levy of these taxes and of revising them has been under the consideration of Government since 1912. It was referred for opinion to two Committees - the Special Committee of the Economic Conference for the imposition of fresh taxation and the Special Committee for considering the question of local finance. These Committees made the following recommendations in the matter:-

(a) The taxes on houses and shops may be enhanced.

(b) The cart tax may be levied at a uniform rate of Re.1/- per cart per annum on all carts.

(c) The oil-mill tax may be abolished.

(d) Certain inequalities in the existing system may be removed so that the burden may fall equally on al classes instead of on the poorer classes only as hitherto and the large number of exemptions enjoy by certain communities and castes, from time immemorial, may be minimised.

2. A note dealing with the various aspects of the question wa then submitted to the Officiating Dewan, Mr. A.R. Banerji, and under his instructions a draft Government Order also was prepare for consideration in Council.

Pages 15 to 18 of office note

3. On the file being circulated to the Members of Council, the First Member, (Mr. K.S. Chandrasekhara Iyer) recorded a minute to the effect that, if it was intended to enhance the rates of Mohatarfa taxation, it could only be done by legislative enactment and that, as the Village Panchayets had themselves been empowered under section 56 of the Local Boards and Village Panchayats Regulation to levy taxes on houses, shops, vacant sites and hittals, it would be sufficient if section 23 of the Regulation was amended so as to confer on the District Boards the power to levy these taxes in non-Panchayat areas. I was also of the same opinion but upon a different ground, viz., that the legal basis of the mohatarfa taxation being 'mamool or usage' a revision of the taxation could be effected only by legislation.

Pages 18 to 20 of do

4. The subject was considered in Council on 10th July, 1919, when it was resolved that the draft might be approved subject to the modifications suggested by the First Member of Council.

Page 22 of do

draft for approval

5. The accompanying draft order which has been revised on the lines of the First Member's minute explains the case clearly and is herewith submitted for the gracious approval of His Highness.

19th August, 1919.

Member of Council.

Submitted to His Highness.

I submit herewith a Final Note by the....Second.... *Member of Council on the subject of*....the revision.... of the system of the levy of mohatarfa tax in non-panchayet areas.....-..... .....- *for His Highness' gracious approval.*

21st Aug. 1919

Dewan.

00100001

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Revision of the system of the levy of mohatarfa tax in non-panchayet areas.

00100001

294

Order.

~~KRW~~
23/8/19

Rev. Ley
Secy
25.8.19

G. R. S. III–2]

General and Revenue Secretariat.

C. 806

LB File No. 1288/29 of 191 .

Serial No.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of (*)

His Highness' orders before/after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure).

C Balasundaram 25/8

Chief Secretary to Govt.

25/8

Through the Secretary to Government,

.....Rev..... .....Department.

0001000

1500-296-26-8-19

FIRST MEMBER OF COUNCIL

26-8-19

1011 27-8-19

SECOND MEMBER OF COUNCIL

27-8-19

Third.

585 30-8-19

TEMPORARY MEMBER OF COUNCIL.

30/8/19

Asst Secy Dept. may kindly see this order once again carefully before issue. M

Issue M 30-8-19

Verified – The order closely follows memoranda of 28th meeting.

M 31/8/19

NOTE.—Contn. sheet

WD 1573—GPB—500—4.3.19

Serial No.

H.H. has approved the proposal.
Reference is invited to F/D opinion noted in para 12.
Draft & fair Communicating the order submitted.

16/8/19

Communicated.
19/9

To
The Rev Commr in Mysore
The Dy Cs of Districts
The President of dist Boards
The Comptr to put through final Secretariat
The Accts Table
Copies to the Rev Secretariat & Legislative Section
No R 3491-508 Dt 11-9-19.

Passed orders regarding the [illegible] necessity for the Systematisation of the levy of Municipal taxes and directs the abolition of the oil mill tax with effect from 1st Jan 1924

NOTE—Contn. sheet.

Draft revised with the suggestions of Comm...

Comp no 7E2144

2-B 47-19-1

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

3/9/9.

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Read -

Section IV of Ch. IX of the Mysore Revenue Manual relating to the levy of Mohatarra tax.

2. Report dated the 18th April 1913 of the Special Committee of the Mysore Economic Conference for the Imposition of Fresh Taxation.

3. Report of the Special Committee of the Economic Conference on Local Finance.

4. Resolutions 12 and 13 of the Local Boards and Municipal Conference held in Mysore in 1915.

5. Government Order No.3005-55/Ml.133-16-1 dated the 16th November 1916 passing orders on the scheme for the development of Local Self Government Scheme in Mysore.

6. Note on revision of Mohatarra on which the opinion of the Representative Assembly was invited at the Second Sessi held in April 1917.

7. Opinions of the District Boards the question of revision of Mohatarra in rural areas.

8. Resolution of the Finance Commi on subject No.6 relating to abolition a

May this be

i Printed ? yes

ii treated as a standing order ? yes

iii published in the Gazette, English Part ? yes

iv translated ? yes, if the original order had been translated

v placed at the disposal of the press ? yes.

vi published in the Gazette, Kannada Part ? yes

P.F. 34-17 (2)

Pl. C in file 22-15

and reduction of certain taxes at its meeting held on the 30th March 1918.

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Order No. R. 3491-508.

Dated Bangalore, 11. 9 1919

Prior to the year 1860 various taxes on castes and professions, besides taxes on houses, shops and oil mills were levied and included under the general head of Mohatarfa. In the year 1860 however a general revision of the Mohatarfa taxes took place which resulted in many of the items on which such taxes were levied being omitted, the following five only being retained.-

1. Tax on houses
2. Tax on looms
3. Tax on shops
4. Tax on oil-mills
5. Tax on ploughs

In the year 1871 the plough-tax was also abolished and a local cess of one anna per rupee on the revenue of the assessed lands was introduced in its stead. A tax on carts at the uniform rate of Re.2 per cart per annum was newly introduced in 1870. The rate of the tax on carts drawn by single bullocks was subsequently fixed at Re.1/- per cart. From the 1st July 1897 the loom tax was abolished. With these minor modifications this system of taxation that was prescribed in the past has been continued up to the present time and the following are

are the items on which the tax is levied now.

1. Houses
2. Shops.
3. Oil-Mills
4. Carts.

The rates of taxation fixed for the above items of the Mohatarra in the late Chief Commissioner's Circular Order No.265 dated the 28th September 1860, and the exemptions granted from payment of these taxes have continued to the present time with only a single modification in the rate of tax levied on single bullock carts.

3. The principle of the Mohatarra system of taxation is that it should reach those classes who do not contribute to the Land Revenue, and this and the ancient custom of the country have been the cause for exempting several classes of people from the operation of this tax.

3. The question of giving a legal basis for the levy of Mohatarra taxes and revising them has been under the consideration of Government for a long time. In 1913 the question was considered by a Special Committee of the Economic Conference appointed for examining the question of imposing fresh taxation including income-tax. Again in 1914 the recommendations of this Taxation Committee were referred for opinion to another Special Committee of the said Conference appointed for considering questions relating to local finance.

The opinion of both the committees is that the taxes on houses, especially of the better class, and of shops are capable of enhancement, that cart-tax may be levied at a uniform rate of Re.1/- per cart per annum on all carts -agricultural or non-agricultural, and at 8 annas on wadder carts and that the oil-mill tax should be abolished. The Special Committee on Local Finance recommended that the Monatarfa should be entirely made over to local bodies and should cease to be an item of revenue of the Central Government and this recommendation was concurred in by the Local Boards and Municipal Conference held in Mysore in 1915, and by the majority of the District Boards.

4. In Government Order No.3005-55/Ml. 132-16- 1 dated the 16th November 1916 the Government, while laying down their policy in regard to the extension of the Local Self Government Scheme have already assigned to the Local Boards the Monatarfa recovered in rural areas inclusive of the Unions.

5. By the passing of the Local Boards and Village Panchayats Regulation VI of 1918, Unions as such have ceased to exist and Village Panchayats have been constituted separately with power to levy not only house and shop taxes but also a tax on vacant sites and hittals and a cess for works of communal benefit. The present position in

in regard to Mohatarfa taxation is therefore as follows:-

(i) It is levied on houses, shops, oil-mills and carts in all Villages for which Village Panchayats have not been constituted subject to the rules relating to exemptions in respect of each item.

(ii) It is levied as Monatarfa only on Oil-mills and carts in Villages having such Village Panchayats subject to the usual exemptions.

6. It is now intended to revise the rates of Mohatarfa taxation and to do away with certain exemptions which have been in force from time immemorial so as to improve the income from this source. The legal basis of the existing system of Mohatarfa taxation being mamool or usage, it will be necessary to take power to alter or modify the system by legislation. Having regard to the following two circumstances Government do not consider it necessary to resort to independent legislation.

(i) The first circumstance is that, under Section 56 of the new Local Boards and Village Panchayats Regulation, 1918, Village Panchayats are expressly authorized to levy a tax on houses and shops and a tax on vacant sites and hittals.

(ii) The second is that though Section 23 of the Regulation does not expressly refer to the balance of the Monatarra revenue, as a matter of fact, Government have assigned the whole of such balance for expenditure by District Boards. In the result therefore, no portion of the Monatarra revenue is or is proposed to be utilized by Government for State purposes. That being so, Section 23 has to be amended so as to empower each District Board to directly levy for the District Fund instead of indirectly accepting it as an assignment from Government, (i) a tax on houses, shops, vacant sites and pittals not situate in Municipal areas and not liable to be taxed by Village Panchayats under Section 56, at rates not exceeding those to be fixed by Government and also subject to such rules as may be framed by them and (ii) a tax on carts at such rates as may be approved by Government. Necessary action will accordingly be taken in the Legislative Department at a very early date.

The oil-mill tax will be abolished with effect from the 1st July 1919.

7. At present exemptions from payment of the house-tax are granted in favour of agriculturists, parabaluti holdars, tiglars growing vegetables on their lands, religious and charitable institutions, cooly huts in coffee estates, Brahmins, Rajputs and Mahomodens. In some cases exemptions are based on considerations of race and in others on

religious grounds while agriculturists are exempted on the ground that Mohatarfa was intended to reach classes not contributing to Land Revenue. As regards cart tax, agriculturists, Mutts, and waddar employed by the Public Works Department, enjoy exemption.

It is, however, ~~pointed out here~~ observed that such exemptions have led in the past to much confusion in regard to their levy and the evasion or payment on purely technical grounds. Whether, in view of the fact that the entire amount is now a part of the local funds and that local conveniences demand larger extent of local taxation, it is not necessary that such exemptions should be sparingly allowed and in rare instances only without reference to castes, communities or interests, is a matter which seems to require the serious consideration of the District Boards.

8. The recommendations of the District Board in the matter of revising the rates of taxes on houses, shops and carts will be taken up for consideration after the regulation is suitably amended.

9. Detailed rules have separately issued in regard to the taxation in Villages having Village Panchayats.

4-8-14.

7-8-19.

for Secretary to Government,
Revenue Department.

To

The Revenue Commissioner in Mysore.
The Deputy Commissioners of Districts.
The Presidents of District Boards.
The Comptroller to Government through the Financial Secretariat..
The Press Table.

Copy to the Rev. Section of Legislative Branch

R.D. 1000100

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. R. 3491-508—L. B. 47-19-1, dated 11—19th September 1919.

Revision of the System of the Levy of Mohatarfa Tax in Non-Panchayet Areas.

Passes orders on the ——.

W D 754—GPB—2-10-19—320

S. O. 1

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No. R. 3491-508—L. B. 47-19-1, DATED 11—19TH SEPTEMBER 1919.

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

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3. The question of giving a legal basis for the levy of mohatarfa taxes and revising them has been under the consideration of Government for a long time. In 1912, the question was considered by a Special Committee of the Economic Conference appointed for examining the question of imposing fresh taxation including income-tax. Again in 1914, the recommendations of this Committee were referred for opinion to another Special Committee of the said Conference, appointed for considering questions relating to local finance. The opinion of both the Committees is that the taxes on houses, especially of the better class, and of shops are capable of enhancement, that cart-tax may be levied at a uniform rate of Re. 1 per cart per annum on all carts agricultural or non-agricultural, and at 8 annas on wadder carts and that the oil-mill tax should be abolished. The Special Committee, on Local Finance, recommended that the mohatarfa should be entirely made over to local bodies and should cease to be an item of revenue of the Central Government and this recommendation was concurred in, by the Local Boards and Municipal Conference held in Mysore in 1915, and by the majority of the District Boards.

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6. It is now intended to revise the rates of mohatarfa taxation and to do away with certain exemptions which have been in force from time immemorial, so as to improve the income from this source. The legal basis of the existing system of mohatarfa taxation being mamool or usage, it will be necessary to take power to alter or modify the system by legislation. Having regard to the following two circumstances, Government do not consider it necessary to resort to independent legislation:—

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B. RAMASWAMAIYA,
Secy. to Govt., Rev. Dept.

To—The Revenue Commissioner in Mysore.
The Deputy Commissioners of Districts.
The Presidents of District Boards.
The Comptroller to Government through the Financial Secretariat.
PRESS TABLE.

Exd.—C. R.

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